

**BUSINESS PROFILE**

# Help business attract and retain key talent

## Executive bonus strategy

**Your sales opportunity**

Business owners wishing to:

- Reward and retain their key people with a simple, tax-deductible strategy
- Provide key employees with an incentive that helps drive business profitability and growth

**Solution: executive bonus arrangement**

An executive bonus arrangement provides a bonus to reward and retain essential employees. The bonus is paid as a premium on a life insurance policy. The key employee<sup>1</sup> is the owner and names a beneficiary of the life insurance policy.

**Two valuable benefits**

1. In the event of the key employee's death, the family receives an income tax-free death benefit.
2. The cash value from the life insurance policy provides a source of retirement funds that the employee can access in an income-tax-advantaged manner. This policy may also be part of an estate planning strategy.

**Target client**

- Single or multiple business owners
- Has a key employee
- Key employee provides expertise in client relationships, industry knowledge, sales or management

**Key employees**

Sales professionals  
Managers  
Executives  
Other highly compensated employees

**Not considered key employees**

Business owners  
Rank-and-file employees

## How it works

- Employer pays a tax-deductible bonus to the employee.
- Employee pays income taxes on the bonus amount. The employer may choose to pay the income taxes for the employee as an additional bonus.
- Employee takes out a personal life insurance policy and names a beneficiary.
- The bonus is used to pay the premium on the life insurance policy to Minnesota Life Insurance Company or Securian Life Insurance Company, a New York authorized insurer.
- Since the employee owns the policy, he or she may take money from the policy's cash value on a tax-advantaged basis.
- If the employee dies, the death benefits are payable to the beneficiary.



Employer

Bonus for life insurance premium →



Employee



Life insurance policy



Do you have business owner clients who could benefit from an executive bonus strategy to attract and retain key employees?

We can help - call our Advanced Sales Team today:

**1-888-413-7860, option 3**

1. Key employees must be either highly compensated employees or management.

Policy loans and withdrawals may create an adverse tax result in the event of a lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first fifteen years of the contract. Clients should consult their tax advisor when considering taking a policy loan or withdrawal.

Life insurance products contain charges, such as Cost of Insurance Charge, Cash Extra Charge, and Additional Agreements Charge (which we refer to as mortality charges), and Premium Charge, Monthly Policy Charge, Policy Issue Charge, Transaction Charge, Index Segment Charge, and Surrender Charge (which we refer to as expense charges). These charges may increase over time, and these policies may contain restrictions, such as surrender periods. Policyholders could lose money in these products.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

This information may contain a general discussion of the relevant federal tax laws. It is not intended for, nor can it be used by any taxpayer for the purpose of avoiding federal tax penalties. This information is provided to support the promotion or marketing of ideas that may benefit a taxpayer. Taxpayers should seek the advice of their own tax and legal advisors regarding any tax and legal issues applicable to their specific circumstances

These materials are for informational and educational purposes only and are not designed, or intended, to be applicable to any person's individual circumstances. It should not be considered investment advice, nor does it constitute a recommendation that anyone engage in (or refrain from) a particular course of action. Securian Financial Group, and its subsidiaries, have a financial interest in the sale of their products.

Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

Securian Financial is the marketing name for Securian Financial Group, Inc., and its subsidiaries. Minnesota Life Insurance Company and Securian Life Insurance Company are subsidiaries of Securian Financial Group, Inc.

**For financial professional use only. Not for use with the public.**

This material may not be reproduced in any way where it would be accessible to the general public.



PREPARE  
PROTECT  
SECURE

[securian.com](https://securian.com)

400 Robert Street North, St. Paul, MN 55101-2098  
©2025 Securian Financial Group, Inc. All rights reserved.

F71834-5 Rev 1-2025 DOFU 1-2025  
4130103